

Retiring abroad:

Personal connections
reaching around the
world mean an increased
need for great value
international payments



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Families come in all shapes and sizes. These days, thanks to global mobility and broader horizons, we can have family members all over the world. We take a look at the many wonderful variations of global families and celebrate those with connections in other countries.

More and more people have connections overseas – from parents who retired to the sun and siblings or children working and studying overseas to shared family holiday properties, international in-laws and even destination weddings. These help create family connections in different countries.



5 key considerations to make when retiring to the sun

Many Brits choose to retire overseas to enjoy a life in the sun, and in a country where there is a more relaxed pace of life. Here are some of the key considerations when embarking on a new phase in your life.



1. Property

If you want to buy a property overseas, a currency specialist can help you make the most of your money when it comes to the deposit, purchase or mortgage payments. Purchase the place in the sun you've been dreaming about by using a range of currency tools.

2. Pension

In some countries you can opt to move your pension to your new home country, but this isn't always the case and sometimes it doesn't offer you the best value. You can work with a currency specialist to set up regular automated currency transfers to send your UK pension payments to your new account overseas.

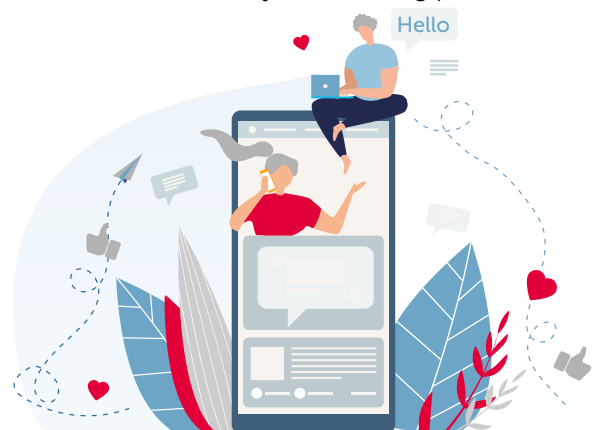


3. Healthcare

Check the availability of healthcare and exactly what health insurance or private care you might need. Once it's in your budget, you can easily plan to send over your savings, or factor it into your monthly cost, but it's an important aspect to remember when you're making plans.

4. Family

If you're retiring overseas, your family may be further away but that doesn't mean that you will lose touch. As well as social media and technology to help you catch up, you can welcome family for regular visits and provide practical and financial support for afar.



5. Fun

There is a lot to consider if you're retiring abroad, but don't get too wrapped up in to-do lists that make you forget what all this hard work is for. Choose a place that lets you indulge your interests – from a culinary haven in France to living in a property on a golf resort in Portugal.

Managing your pension and investments when living overseas

Transferring your pension overseas

According to the Office for National Statistics, 26% (207,300) of the 784,900 British citizens living in the EU are aged 65 and over.

Spain and Portugal are particularly popular destinations, with sun seekers in this age bracket making up 41% and 39% of the British expat population respectively.

Wherever you settled, if you're relying on your pension income while living overseas, you need to decide whether you wish to keep them in a UK account or transfer them to a Recognised Overseas Pension Schemes (ROPS). The latter will incur fees and you may not have many options that allow you to shop around. For example, the government website only lists one ROPS in the USA. Pension transfers are a vital – and often the main – source of income for retired expats.

Managing income from a state pension

As well as any private pension savings, you may be entitled to a state pension – but if you're planning on moving abroad, check the small print about how much you will be receiving.

In some countries, there is an agreement to honour the "triple lock" protection on the state pension. This means that pensions increase annually by the highest number out of UK earnings, inflation or 2.5%. The agreement currently covers people who are part of the European Economic Area and Switzerland, and also applies in the USA after a recent agreement was reached. However, there are some popular retirement locations where the rule doesn't apply, including Australia and Canada. Lobbyists are working to change the rules, but in the meantime it's worth assuming that your pension won't increase annually if you're moving to certain countries to ensure that your budget is accurate.

Income from investments

As well as income from a pension, you may have additional investments which pay out dividends.

These are less likely to be paid on a monthly basis like a pension. You can still set up automated regular payments at a specified frequency, such as quarterly or annually, but there are alternative ways to transfer this income.



In the age of global families, an international payments account can help you at every stage of your family life

A currency specialist can help with all the international payments relating to moving overseas and supporting family members across the world.

Specialists offer better exchange rates than high street banks, which also charge higher fees - up to £40 per transaction, and when you add up all the payments, it could make a dent in your savings. For example, ongoing monthly maintenance costs or sending a UK pension payment to your new home in the sun could cost you nearly £500 in transfer fees in a single year.

You also benefit from the expertise of a currency specialist, who can provide guidance on the current state of the market which will help you set a realistic budget. You can also learn about the range of tools available for managing international payments.

Understanding the exchange rate

The only time most of us consider the exchange rate is when we're buying currency for an overseas trip but if you've got family across the world, you may already be very aware of how much it changes. The currency market fluctuates constantly, and responds to both predictable and unexpected political and economic news and events across the world. Currency markets are difficult to predict, but you can understand underlying trends and a currency specialist can help you use tools to mitigate some of the risk so that you don't find that your pounds are no longer enough to buy your dream property.

Managing fluctuations in the foreign exchange market

Fluctuations on the exchange rate are rather like the weather – you may have a rough idea of what's to come, but you can't control it and anything could happen in the space of a few hours. Like the weather, however, you can plan for all eventualities. That doesn't mean the equivalent of packing your umbrella and some sun cream every time you go outside, but it does mean weighing up your alternatives and your preferences to make the right decision depending on your requirements, budget, and your attitude to risk.

A forward contract offers budget certainty

If you prefer certainty, you may wish to set up a 'forward contract' to protect against subsequent rate movements because it allows you to lock a prevailing exchange rate for up to two years. (A forward contract may require a deposit.) Fixing the rate means that you can develop a clear budget plan and be certain that any required payments – from property purchases to a destination wedding or overseas tuition fees – can be made in full and will be affordable within your budget. Exchange rates can fluctuate by as much as 10% or more over a relatively short period of time, so the cost in sterling can be significantly impacted and you may end up paying more than you bargained for. However, it's worth noting that if the rate improves in your favour, you won't be able to take advantage of that movement but if you've got your heart set on a certain property, for example, you may consider this is worth accepting to ensure that you can secure the home you want.

Market orders help you manage your exposure to currency market fluctuations

If you're concerned that you may lose out with a forward contract, a market order might be a better choice for you. This allows you to take advantage of upward movements, but you still have an equivalent to a safety net placed in the market 24/7 that guarantees a minimum exchange rate but allows you to take advantage by buying at a better rate if the market moves in your favour. This may sound like a complex procedure and there are risks but a specialist can provide all the information you need to find out if this approach will work for you and how to set it up. This will allow you to make clear budget plans, with a band of best- and worst-case outcomes which both fit within your budget, whilst also retaining the potential to take advantage of a positive rate.

Regular Payment Plan from moneycorp

Our Regular Payment Plan allows you to automate sending money each month, just like a standing order. You can choose whether to fix the amount of currency you're sending, the amount received, or both depending on how you prefer to manage your budget. You'll also receive great rates and low fees, meaning as much of your money as possible is going towards your family commitments, whether you're supporting a loved one studying abroad, or buying a family holiday home.

Our international payments account can help you maintain and build those connections between you as a global family.

The route you take for making your international payment depends on a number of factors, from the timing and amount of money you're sending overseas to your attitude to risk and budget flexibility. Engaging with a currency exchange specialist will allow you to plan ahead and receive expert guidance on the best approach for you.



Global specialists in currency exchange and international payments

We understand the joys and challenges of being part of an international family. We will help you along the way and work to take the stress out of international payments.

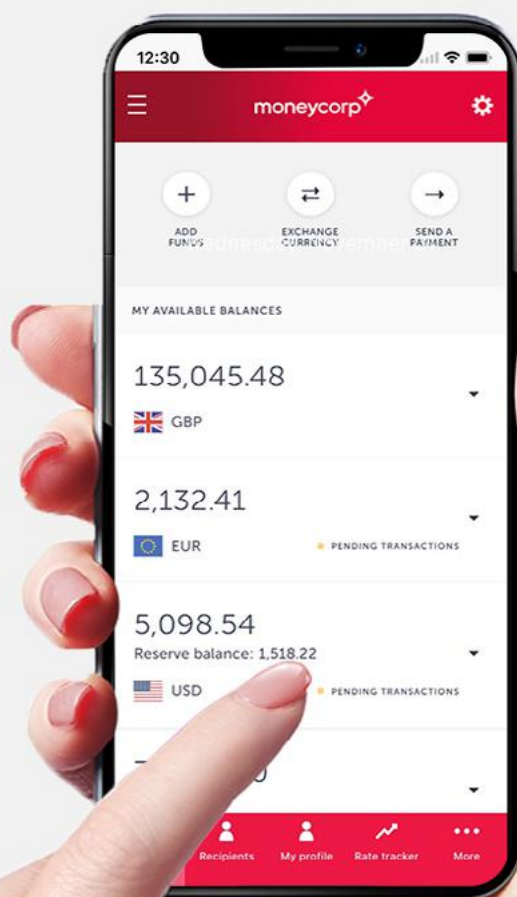
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